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The Impact of GST on the Indian Economy and its Effect on the Banking Sector

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ABSTRACT

Traditionally India's tax regime relied heavily on indirect taxes. Revenue from indirect taxes was the major source of tax revenue till tax reforms were undertaken during the nineties. The major argument put forth for heavy reliance on indirect taxes was t hat India's majority of the population was poor and thus widening base of direct taxes had inherent limitations.

The biggest tax reform in India was the implementation of the Goods and Service Tax (GST) which was founded under the notion of "one nation, one market, on e tax". The single biggest indirect tax regime was kicked into force from 1st July, 2017, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, converted India into a unified market of 1.3 billion citizens.

The banking sector is one of the most important sectors in India. It contributes nearly 7.7% towards GDP. It is one of the largest service sectors in India. The implementation of GST caused a major impact on t he banking sector resulting in shifting from the way they had been operating earlier. This paper would be about the Indian tax structure and the impact of GST on the Indian Economy and the banking sector.

KEYWORDS: *GST Indian economy Indian Sectors*

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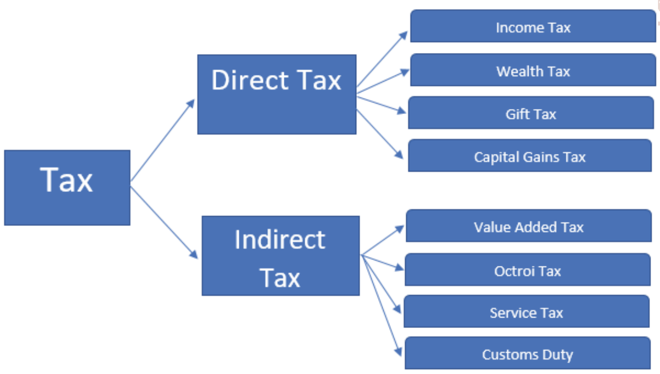
The Indian Tax Structu re before GST

In the last decade the India n taxation system has undergone tremendous reforms. For better compliance, ease of t ax payment and better enforcement, the t ax rates have been rationalized and tax laws have been simplified. Effect of the above the process of rationalization of tax administration is ongoing. Indian taxation system is classified in two segments namely direct taxes and indirect taxes.



(Source: www.aegonlife.com)

Direct Tax:

Direct Tax is levied directly on individuals and corporate entities. This tax cannot be transferred or borne by anybody else. Examples of direct tax include income tax, wealth tax, gift tax, capital gains tax.

Income tax is the most popular tax within this section. It is levied on individuals on the income earned with different tax slabs for income levels.

Indirect Tax:

Indirect taxes are taxes which are indirectly levied on the public through goods and services. The sellers of the goods and services collect the tax which is then collected by the government bodies.

- **Value Added Tax (VAT)** – A sales tax levied on goods sold in the state. The rate depends on the government.
- **Octroi Tax–** Levied on goods which move from one state to another. The rates depend on the state governments.
- **Service Tax–** Government levies the tax on service providers.
- **Customs Duty–** It is a tax levied on anything which is imported into India from a foreign nation.

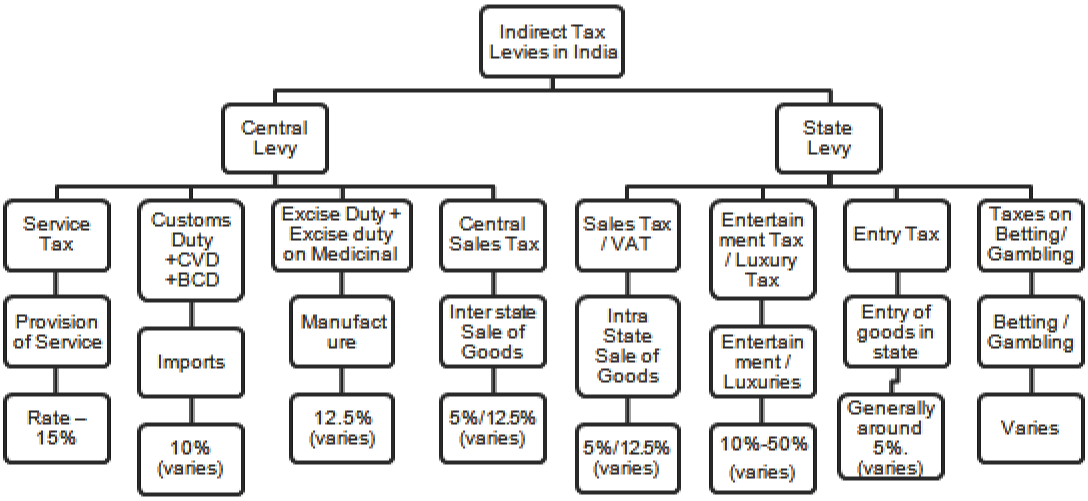
The Indian Tax Structure after GST

GST is a single tax policy on supply of goods and services from the manufacturer to the ultimate consumer. Credits of input taxes paid at each stage from manufacturing to ultimate consumption will be available in the subsequent stage of value addition, which makes GST essentially a tax only on the value addition at each stage. It is the final consumer who will only bear GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stage.

The following taxes are being subsumed at the central level:
1. Additional Excise Duty
2. Service Tax
3. Central Excise Duty

4. Additional Customs Duty commonly known as countervailing duty and
5. Special Additional Duty on Customs

At the state level, the following taxes are being subsumed:
1. Subsuming of State Value Added Tax/Sales Tax
2. Entertainment Tax
3. Octroi and Entry Tax
4. Purchase Tax
5. Luxury Tax, and
6. Taxes on lottery, betting and gambling



(Source: www.smbconnect.in)

Impact of the GST on the Indian Economy

Goods and Services Tax (GST) is extremely useful for the economy of India for a long term basis. The reason for the benefit of the Good and Services Tax (GST) is due to the uniformity of taxes. It merges all the indirect taxes which were prevailing in India during the Value Added Tax (VAT).

Goods and Services Tax (GST) helps the business sector to grow and to become strong by bringing transparency. When the business sector will flourish it will help in creating further employment which will ultimately lead to reducing the burden of the tax.

Goods and Services Tax (GST) have a consistent scheme of the tax for the goods and services across India, i.e. 0%, 5%, 12%, 18%, and 28%. The tax rate of some goods or products is different from the rest such as gold, precious stones and semi-precious stones. Special rates of taxes are levied in such products. Things such as luxury cars, tobacco, carbonated beverages, etc, are subjected to 22% of the additional cess.

Goods and Services Tax (GST) in comparison to the previous indirect laws relating to the taxes provided a broader base for the taxes. The Central Excise Law exempts the small scale units i.e. SSI having a turnover up to Rs. 1.5 crore from levy the duty. Exemption under the service tax law was given when the previous financial year has accumulated turnover up to Rs. 10 lakh. The lower limit for the purpose of levying the Value Added Tax (VAT) varies from one state to another state i.e. between Rs. 5 lakh to Rs. 20 lakh.

But in the Goods and Services Tax (GST) scheme, the lower limit for the purpose of levying the Goods and Services Tax (GST) was set or settled at Rs. 20 lakh. But in some circumstances i.e. for special category States, the lower limit is fixed at Rs. 10 lakh. Goods and Services Tax (GST) had included within it all the small suppliers. It was observed that many suppliers had registered themselves intentionally and freely so that they may avail all the benefits relating to the input tax credit.

Micro, Small and Medium Enterprises (MSME's) has suffered some sort of complications with the new tax regime i.e. Goods and Services Tax (GST). All the Micro, Small, and Medium Enterprises (MSME's) are suffering problems to conduct their business as there is a requirement of registration in every state from where the MSMEs are formulating a supply. Goods and Services Tax (GST) is helping the Micro, Small and Medium Enterprises (MSME's) in developing the ability for the purpose of maintaining the account book. Maintenance of the account book will ultimately help the enterpriser to get a loan from any bank or financial institution. This will help them to increase their business. They will now borrow the money from the formal sector and will no longer rely on the informal sector for obtaining the loan. The country like India really demands a strong Micro, Small and Medium Enterprises (MSME's) which helps in creating more employment.

Goods and Services Tax (GST) helps in controlling the tax evasion. Permanent Account Number (PAN) which is issued by the income tax department is linked with the Goods and Services Tax (GST) number i.e. GSTN. This helped in establishing a relationship between indirect taxes and direct taxes. This ultimately aid or support in reducing the evasion of tax to an enormous extent. During the regime prior to the Goods and Services Tax (GST), there were many cases of tax evasion. When the taxpayers disclose their turnover under the indirect tax law and the direct tax law both differed from each other, which gives a path to the evasion of tax.

After the implementation of the Goods and Services Tax (GST), there is an expectation of an increase in the tax Gross Domestic Product (GDP) ratio. The expectation is that the basis points (bps) will increase up to thirty in the financial year of 2018-2019 each and 2019-2020. This was stated by the table of medium-term expenditure framework (MTEF) in the lower house i.e. Lok Sabha. The databases of the indirect tax and the direct tax are linked together; it helps the data analytical tools to remove all the inconsistency and also helps the authorities of revenue to take a mandatory action.

Summing up the whole, an increase in the ratio of Gross Domestic Product (GDP) will overall help in lowering the rate of tax in India. Goods and Services Tax (GST) will help the Indian economy on a long term basis.

Positives and Negatives of GST

Positive Impacts on the economy:

- **Eliminated cascading effect & barrier free tax structure:** GST has eliminated cascading (tax on tax / compounding tax) impact on the production and distribution cost of goods and services. This reduced cost of goods and service leading to accelerated GDP growth. GST without tax barriers will leads to economies of scale in manufacturing industry and reduces the supply chain cost.
- **Reduced the production cost:** With offsetting, simplification, and subsumption of different taxes under a different tax structure, GST has reduced the cost of production of manufacturing goods. This has also reduced the burden of indirect taxes on manufactures as well as consumers. Earlier, manufactures had to pay extra cost, around 25-26%. This was more due to the cascading effect on taxes like VAT and excise duty. Therefore, erstwhile taxes were levied as per two different taxable events. This problem is now solved with the introduction of GST, thus resulting in cheaper goods.
- **Lead to sustainable growth in the economy:** GST removed the tax distortions from the economy. This lead to sustainable higher growth based on competitive strength of the country. Simple tax system attracted more productive investment for growth.
- **Optimization and comparative cost advantage:** GST eliminated the Inter State tax by which it lead to optimization of physical facilities to the extent of full capacity. If the manufacturing is done at full capacity industry will be benefited by comparative cost advantage.
- **Increase in the GDP and standard of living:** Since the implementation of GST the price level was reduced in the economy, resulting in increase in the consumption level and growth in GDP of the economy. According to study by NCAER (National Council for Applied Economics and Research) complete implementation of GST could lift GDP growth by 0.9-1.7%.
- **Positive effects on export and BOP (Balance of Payment) level:** Through GST the exporter got the full tax credit, the export units quoted better price for their products and services in comparison with past scenario. Increased export ultimately had positive effect on the BOP (Balance of Payment) of the country.
- **Unique price and removed inequalities between the markets:** GST lead to imposition of same tax rate on the goods and services everywhere in the country and by implementing same tax rate it removed the inequalities between the markets which could be seen in the market in the past because of the tax rate differentials.
- **Reduced chance for tax evasion:** GST charged full tax on the each and every transfer; it's difficult for the firms to evade tax from the payment. E.g.: e-commerce firms can't evade tax by operating business from the place where tax rates are comparatively less.
- **Centralized where housing for manufacturers:** In the past tax system if the dealer and the ware house were from different states, then the dealer would needs to pay a Central Sales Tax of about 2%. This increased the price of the commodity. Thus companies used to setup a warehouse in each state. In GST as the CST gets eliminated, the centralized where housing can be availed by the manufacturers.
- **Made the tax structure simple and reduced the compliances:** Multiple taxes that existed did no longer remain in the picture. This reduced the compliances to be fulfilled as compared to past situation.

Negative side of GST

- **No tax differentiation for luxury items and services:** The tax neutrality will not differentiate luxury goods and normal goods. Currently, the state and central government levy higher taxes on luxury goods and services. Under GST implementation, all goods and services will have to pay the same tax which will lead to rich becoming richer and poor becoming poorer. It is not an ideal situation for MSMEs competing against large businesses.
- **Selective tax levying:** GST will not be applicable to Alcoholic liquor for human consumption and Petroleum based businesses, which creates further gap and does not support the 'unified market' ideology of GST.
- **The burden of the higher tax rate for Service Provider:** Presently Service Tax rate is 15%. GST rate will be around 18%. The scenario in the service sector will further be impacted as the concept of Centralised Registration has been done away with and each unit in different states will have to take separate registration. Thus even if services are supplied by company's one Unit in State A to another Unit in State B, then also taxes will be payable.
- **Realignment of Purchase and Supply Chain:** Under GST credit will not be available to a compliant company if the vendor from whom MSME is purchasing goods does not show the same in his return. Thus sourcing strategies will change on account of GST credit mechanism. Also, there will be re-consideration of Supply Chain on account of taxation of Stock Transfers.

Impact of GST on the different industries

Impact of GST on Real Estate

The imposition of Goods and Services Tax (GST) has some positive impact on the property and real estate. Property buyers are in profit due to the Goods and Services Tax (GST). 12% Goods and Services Tax (GST) charges of property value are liable on all under-construction properties. It does not include the stamp duty and the charges on the registration. Previously this provision was applied in the properties which are prepared or ready.

There is an increase in the profit for the builders and the developers due to the input tax credit. This will additionally pass the profit to homebuyers.

According to changed tax scheme, the under-construction properties i.e. flats and buildings will be charged 18% Goods and Services Tax (GST) in which 9% will be State Goods and Services Tax (SGST) and 9% will be Central Goods and Services Tax (CGST). The government has the power to deduct the land value equal to the 1/3rd of the total amount which is charged by the builder. It will make the efficient rate of tax as 12%.

Note:- In the real estate sector, a 12% tax rate is for building materials there will be no effect on the value of the flat.

Sr. No.	Substance or Material	Value Added Tax (VAT)	Goods and Services Tax (GST)
1.	Iron pillars and iron rods	20%	18%
2.	Fly ash bricks and Sand lime bricks	6%	5%
3.	Cement	20 to 24%	28%
4.	Ceramic tiles, plaster, wallpaper, wall fittings, paint	20 to 25%	18%

Positive impact on buyers

Goods and Services Tax (GST) have some positive impact on the prices of the property. It makes the tax system easy for all the buyers. Before Goods and Services Tax (GST), buyers were accountable to pay the taxes which depend upon the property's construction status and the state in which the property is located.

Buyers were also liable to pay the Value Added Tax (VAT), stamp duty, service tax, and registration charges when they buy the under-construction property. But when they buy the property which was ready or completed, they are liable to pay registration charges and stamp duty. The state has the power to levy the stamp duty, Value Added Tax (VAT) and Registration Charges and all the figures of tax differ from state to state. Central has the power to levy the service tax and it was charged upon the construction. This makes the tax scheme very much complicated for all the buyers, but Goods and Services Tax (GST) had made this simpler.

Under Goods and Services Tax (GST) regime, tax is charged upon all the under-construction properties are at 12% of the value of the property. It does not include the registration charges and stamp duty. There was no imposition of indirect tax on the sale of property which is ready-to-move that is why there is no applicability of Goods and Services Tax (GST) on sale of the ready-to-move properties.

Positive impact on Builders

Before the enforcement of the Goods and Services Tax (GST), a developer or builder had to pay Value Added Tax (VAT), Central Excise Duty and Entry taxes which was the state domain, the state was collecting those taxes on the cost of construction material. Developer and the builder were also liable to pay the tax at 15% for services such as approval charges, architect fees, labour, legal character, etc.

After the Goods and Services Tax (GST), there was not much variation in the construction costs. In addition, logistics reduced cost will lead to a lessening of the expenses. To increase the profit, the input tax credit is helpful.

Impact on Iron and Steel

Tax Laws relating to the Iron and Steel

Three types of taxes were applied or imposed on the manufacturing of iron and steel. Those taxes were:-
1. 12.5% of Excise Duty
2. 5% of the Average Value Added Tax (VAT)
3. 2% Central Sales Tax (CST)

When we see, there is a total of 19.5% net tax which is imposed upon the iron and steel. If there is an article which is manufactured of iron and steel are charged at the rate of 19.5%. The rate of the tax charged is similar to the tax rate for manufacturing iron and steel. In Punjab, the Value Added Tax (VAT) is 2.5% for the substances or commodities which are of iron and steel there the pattern of tax charged is not the same in whole India.

Impact after Goods and Services Tax (GST)

Materials like iron and steel are very useful and utilized in everyday life. Goods and Services Tax (GST) has a positive impact on the iron and steel and material made up of these. Kitchen utensils that are useful in day to day life become cheaper than the previous. Utensils like pan, stainless steel cooker and many more are now charged with 12% of Goods and Services Tax (GST). It is charged 7.5% less than the current tax laws. There are benefits for all the steel-related companies as there is a 5% low tax rate on all the large inputs used by them under the Goods and Services Tax (GST). These inputs are iron ore, coal, etc.

All the industries relating to the Iron and Steel are getting benefits with the introduction of the Goods and Services Tax (GST). There is an expectation that it will help in furthermore benefits by reducing or lowering the input tax and logistics.

Impact on Entertainment Industry

Before the enforcement of Goods and Services Tax (GST), the entertainment section pays many taxes. They are not limited to one tax. They pay the central tax, state tax and also tax imposed by the local authorities. But, when Goods and Services Tax (GST) was imposed they were liable to pay only one tax.

Before the implication of Goods and Services Tax (GST)

Before the enforcement of the Goods and Services Tax Act, 2017, entertainment tax was imposed on different entertainment services. Value Added Tax (VAT) and service tax were imposed in various services of the entertainment i.e. nutriment provided in the Cinemas. The Value Added Tax (VAT) charged was 14.5% and the service tax charged was 15%. The entertainment sector was enjoying a subsidy of 60% on the service tax and therefore they were required to pay the service tax at the rate of 6% i.e. 40% of the 15%. The entertainment sector was paying the 20.5% tax along with the entertainment tax.

After the implication of Goods and Services Tax (GST)

After the enforcement of the Goods and Services Tax (GST), all the scattered taxes upon the entertainment sector were subsumed in one i.e. GST.

Goods and Services Tax (GST) were ranging in-between 18% to 28%. The tax rate was totally dependent upon the kinds of the Entertainment Services.

Things within the 18% Goods and Services Tax (GST)
1. Circus
2. Television and DTH services
3. Theatre
4. Movie Tickets (Tickets costing up to Rs.100 have GST 12% and tickets costing more than Rs. 100 have GST 18%)

Things within the 28% Goods and Services Tax (GST)
1. Racing
2. Casinos
3. Amusement parks
4. Movie events and festivals
5. Sporting event

Impact of Goods and Services Tax (GST) on consumers

Goods and Services Tax (GST) has given an overall profit to the entertainment sector. The tax on the movie ticket was 30% and there was 20.5% of the Value Added Tax (VAT) along with the service tax on the foods which a person buys from the theatre. But, after Goods and Services Tax (GST), a tax imposed upon the ticket was 28% and tax on the foods in the cinemas are charged at 18%.

But here we see different results relating to the impact of Goods and Services Tax (GST) on the entertainment sector. Reasons for various consequences are:-

- Low tax on entertainment service in some states.
- No tax on entertainment services in some state.

When Goods and Services Tax (GST) was imposed in these states, they suffer a rise in the tax on the entertainment sector. However, it was low for those states where the tax on entertainment services was high. But, if we compare, Goods and Services Tax (GST) was quite low in comparison to the tax system, i.e. Value Added System (VAT) and Service Tax, which was prevailing before GST.

State also has the power to include or charge Local Body Tax (LBT) in addition to the tax which was discussed above under Goods and Services Tax (GST). Local bodies also have the power to impose a further charge, under Goods and Services Tax (GST), on the entertainment services in their respective area.

Impact of Goods and Services Tax (GST) on Owner of Entertainment Service

According to the Goods and Services Tax (GST) regime, the owner of the entertainment service is also liable to pay the tax for the services in entertainment. They will also pay the tax on the sale of the tickets, food, etc.

Impact of GST on Hotel and Tourism

Income generated from the hotel and tourism plays a vital role in the Indian economy. They help in increasing the Gross Domestic Product (GDP) of India. This is why every State Government keeps on promoting the tourism of their state by various advertisements. Rate of Goods and Services Tax (GST) differs for the hotels because of the tariffs.

1. If the tariffs range Rs 1000 and less then there will be no Goods and Services Tax (GST).
2. If the tariff range between Rs. 1000 to Rs. 2500 then Goods and Services Tax (GST) will be 12%.
3. If the tariff range between Rs. 2500 to Rs. 7500 then Goods and Services Tax (GST) will be 18%.
4. If the tariff is more than Rs. 7500 then Goods and Services Tax (GST) will be 28%.

There is 5% of Goods and Services Tax (GST) on the person who operates the tour. But there is an expectation that as the Goods and Services Tax (GST) had lower the tax rate on the operators of the tour the price of the tour packages will also show the down graph.

Impact of GST on Supply Chain

Supply Chain

It is a type of web or chain which lies between a corporation or company and its supplier for production and distribution of a particular product to an ultimate buyer or purchaser. It represents the process that was taken from receiving the product from its original character to the consumer.

The supply of chain is necessary for the purpose of proper running of trade and business which is producing and circulating the product and material. There is some impact on this sector after the implementation of Goods and Services Tax (GST) which are:-

1. Enhancement and advancement of the stock points.
2. Reduction in the channel inventories.

Channel Inventories means average product left in the retail stores "shelves" which is not sold or taken by the end consumer,

1. There will be a straight or direct benefit for the procurement out of state.
2. Benefit in the logistic cost.

Now a day, the logistics industry is considered as the backbone of the Indian Economy. When Goods and Services Tax (GST) was imposed as a new tax regime for the Indian economy system the logistics sector was improvised as the activities like corruption was reduced. Now, there is less transportation time as Goods and Services Tax (GST) had made the time catching clearance procedure much easier. The revenue related to the business was increased and the total logistic cost is also reduced by the Goods and Services Tax (GST).

Impact of GST on Textile Sector

Goods and Services Tax (GST) has shown its positive impact upon the textile and readymade garments. They are benefited from this new scheme of tax. Some of the benefits which Goods and Services Tax (GST) provided to the textile sector are:-

1. The input credit system or chain is now broken
2. The price for the manufacturing of goods is now lower in comparison to the previous tax regime.
3. Input credit is now granted in the capital goods

After the implementation of Goods and Services Tax (GST), all readymade garments which range up to Rs. 1000 are exempted from the terms and clause of the Goods and Services Tax (GST) and where the garments are branded ranging above Rs. 1000 then 12% of tax will be levied upon them.

E-commerce

The e-commerce sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector's continued growth but the long-term effects will be particularly interesting because the GST law specifically proposes a Tax Collection at Source (TCS) mechanism, which e-com companies are not too happy with. The current rate of TCS is at 1%.

Pharma

On the whole, GST is benefiting the pharma and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

Agriculture

The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agro-products across state lines all over India. GST will resolve the issue of transportation.

Freelancers

Freelancing in India is still a nascent industry and the rules and regulations for this chaotic industry are still up in the air. But with GST, it will become much easier for freelancers to file their taxes as they can easily do it online. They are taxed as service providers, and the new tax structure has brought about coherence and accountability in this sector.

Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fuelled mostly by the huge population of the country. Under the previous tax system, there were several taxes applicable to this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST.

Start-ups

With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the Indian start-up scene. Previously, many Indian states had different VAT laws which were confusing for companies that have a pan-India presence, especially the e-com sector. All of this has changed under GST.

Impact of GST on Banking Sector

With the imposition of Goods and Services Tax (GST), the banking sector became more expensive. Previously, the tax on all the services relating to the banking was 15% but after the enforcement of Goods and Services Tax (GST), the tax rate on all the banking service was increased to 18%. These are some of the impacts of Goods and Services Tax (GST) on banking sector:-

Each branch of Banks must have separate registration

After the implementation of the Goods and Services Tax (GST), every bank is required to obtain a separate registration for all the branches within them. Before Goods and Services Tax (GST), all the employees working in the banks are getting out of their relief mode because there was a concept of "single centralized registration" for all the branches of banks. It was a complex task to be done in a country like India because there were excessive numbers of banks having a more excessive number of branches prevailing in India.

The transaction between banks is not free

After the implication of Goods and Services Tax (GST), the money transaction, whether it was internally or externally, between the two different banks where done by imposing the tax. Before the GST, it was free.

Dependency upon CGST and SGST

Under Goods and Services Tax (GST), there are two different kinds of taxes prevailing in India. First, Central Goods and Services Tax (CGST) and second is State Goods and Services Tax (SGST). CGST is the domain of Government and SGST is the domain of State Government. With the advent of these two types of Goods and Services Tax (GST) the whole code or protocol of the banks and relating sector are altered in a stipulation of the service which they provide to all consumers.

Point of supply identification

Every consumer or customer having their account in any bank has been offered a "point of supply identification". This helps the customers in the transfer of money in any part of India. If a person has an account in a remote area, he will easily transfer the money with the limitation of amount subjected to the rules stated by the Reserve Bank of India (RBI).

Input Tax Credit in GST

Before the imposition of Goods and Services Tax (GST), the input tax credit was not granted in accordance with the Central Value Added Tax (CENVAT) protocols or code. However, after the Goods and Services Tax (GST), the input credit tax is acknowledged to all the banks which will ultimately reduce the evasion of tax when there are external supply funds.

Growth of transaction

After Goods and Services Tax (GST), the banking sector has approached in the whole of India and even in the acquaintance countries for the purpose of ensuring the continuous and steady business. The sudden growing and spreading of business will lead to increasing the claim of funds. And as the demand for funds will increase this will ultimately benefit the banks because of expansion in the number of transactions.

Distinctiveness in services

Every bank gives a variety of services to all of its customers or consumers such as credit card, debit card, internet banking, etc. When Goods and Services Tax (GST) came into force, there was an amendment in the rules and regulations relating to the banks and this emerged as the up-gradation of all the system including the Automated Teller Machine (ATM) and all the systems related to the transaction as demanded by the department of IT.

Conclusion

The aim of the government is to bring India in an umbrella of one tax promoting the "One Nation One Tax" system. Implementation of Goods and Services Tax (GST) substituted the regime of Value Added Tax (VAT) in India. It merged all the indirect taxes which were prevailing in the country during the Value Added Tax (VAT) regime. With the imposition of Goods and Service Tax (GST) was a big task in a country like India where new changes are not easily accepted. It was a complex system to understand at first but later it is coming out as a long term benefit for the country. There are the various sectoral impacts of Goods and Services Tax (GST). Some sectors show a positive impact while others show a negative impact. Due to a long term benefit scheme, there is a less immediate positive impact on Indian society and economy. However, it is expected that there is an expectation of the growth of the Indian Gross Domestic Product (GDP).

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